GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:2228
ANSWERED ON:03.12.2001
CATASTROPHE RESERVE FUND FOR CIVIL AVIATION SECTOR
SUBODH MOHITE

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government propose to set up a separate Catastrophe Reserve Fund for the domestic aviation sector;

(b) if so, the details thereof;

(c) whether the impact of recent hike of insurance premium by the insurance companies in aviation sector has been assessed;

(d) if so, the details thereof; and

(e) the measures adopted by the Government to meet losses to be faced by public sector aviation companies?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) No, Sir.

(b) Does not arise.

(c) & (d): Consequent to the incident on 11th September, 2001 in USA Insurance Companies have limited 3rd party liability cover in respect of war, terrorist and other allied activities to US$ 1 billion and imposed additional war risk insurance charge at the rate of US$ 1.25 per passenger. Financial impact of recent hike in insurance premium varies with the insurance requirements under lease/finance agreement of airlines and number of passengers carried by them.

(e) Government of India has provided indemnity to the tune of US$ 500 million to Air India which is equal to the shortfall in the 3rd party cover required and the same available in the market till 30.11.2001.